

STATE OF WASHINGTON



OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of	)	
	)	No. 2002-53
RANGER INSURANCE	)	
COMPANY	)	CONSENT ORDER
	)	IMPOSING A FINE
An Authorized Insurer	)	
_____	)	

FINDINGS OF FACT

1. Ranger Insurance Company ("Ranger") is an insurer authorized to engage in the business of insurance in Washington state by the Washington State Office of the Insurance Commissioner (the "OIC") pursuant to a certificate of authority issued by the OIC.
2. On October 11, 1999, Ranger submitted to the OIC for approval its policy forms for a "Self Storage Warehouse Program" ("Product"), filing number RIC-SSW-1999-F, along with the rates for use with the Product.
3. By written notice dated October 12, 1999, the OIC returned, without approval or disapproval, Ranger's policy form filing for the Product for the reason that the filing was incomplete. Ranger did not resubmit the policy form filing.
4. On November 8, 1999, the OIC disapproved Ranger's rate filing for the Product and sent written notice of the same to Ranger. Further, the OIC required that Ranger respond on or before February 6, 2000 or the rate filing would be closed. Ranger failed to respond and the OIC closed the filing.
5. Ranger solicited and issued policies to Washington state residents using the disapproved rates described in No. 4 and the unapproved forms beginning in March 2000.
6. In May 2000, the Washington Insurance Examining Bureau ("WIEB") notified Ranger that it could not locate rate or policy form filings for the Product.

7. WIEB issued a "tag" for the Product in June 2000. A "tag" requires an insurer to correct a deficiency in its rates or policy forms. Ranger investigated and confirmed to WIEB that the rate and policy form filings for the Product were not approved.
8. The OIC contacted Ranger by letter dated December 15, 2000 inquiring about the tag. Ranger responded on January 15, 2001 requesting that the OIC waive the tag. At that time, Ranger promised to file new rate and policy form filings in the following week. Ranger failed to file the new rate and form filing in connection with the Product until March 5, 2001.
9. From May 2000 through March 2001, Ranger issued 53 policies to residents of Washington state using the unapproved policy forms and disapproved rates described in Nos. 2 through 4 and received premium in connection therewith. An additional policy was renewed between May 2000 and May 31, 2001. The total amount of premium received by Ranger in consideration for issuance of these policies is \$159,296.00. Ranger did not notify its insureds that the policies for which premium was collected were not approved by the OIC.
10. On March 5, 2001, Ranger filed new rate and policy form filings in connection with the Product which were disapproved on March 16, 2001 and March 26, 2001, respectively. Subsequently, on April 18, 2001, the OIC approved the policy form filing for the Product, effective April 1, 2001. Thereafter, on April 23, 2001, the OIC approved the rate filing for the Product, effective April 1, 2001.

#### CONCLUSION OF LAW

Ranger's issuance of 53 policies using disapproved rates filed under No. RIC-SSW-1999-R and unapproved policy forms constitutes a minimum of 53 violations of RCW 48.19.040(6) and RCW 48.18.100(5), respectively.

#### CONSENT TO ORDER

RCW 48.05.185 authorizes the commissioner to impose a fine in lieu of or in addition to the suspension or revocation of an insurer's certificate of authority. The commissioner has offered a settlement in lieu of suspending or revoking Ranger's certificate of authority. Ranger hereby waives its right to a formal hearing under the Washington State Administrative Procedure Act, notice thereof, and any further judicial challenge to the OIC's actions related to the subject matter of this Order, consents to the entry of this Order, admits to the foregoing findings of fact and conclusion of law and acknowledges its duty to comply fully with the applicable laws of the state of Washington.

By agreement of the parties, the OIC will not revoke or suspend Ranger's certificate of authority but shall impose a fine on Ranger of \$86,000, \$43,000 of which shall be suspended, on condition that:

1. Ranger shall pay \$43,000 of the fine within thirty days of the date this Order is entered;
2. Ranger shall fully comply with all of the terms set forth in the Compliance Plan attached hereto, marked as Exhibit "A" and incorporated herein as if set forth verbatim; and
3. With respect to the Product, Ranger shall commit no further violations of the statutes and regulations that are the subject of this Consent Order for a period of one year from the date on which this Order is entered. The OIC will not impose the balance of the fine should Ranger commit isolated, de minimis violations of the statutes and regulations that are the subject of this Consent Order during the suspense period as may be determined by the OIC. Ranger shall promptly rectify any such violations.

Dated this 30<sup>th</sup> day of April, 2002.

RANGER INSURANCE COMPANY  
("RANGER")

By: \_\_\_\_\_  
\_\_\_\_\_  
Title

### ORDER

IT IS HEREBY ORDERED that pursuant to RCW 48.19.430, and RCW 48.05.185, Ranger Insurance Company is hereby fined \$86,000.00, \$43,000.00 of which is suspended, provided that (1) Ranger does not further violate RCW 48.19.040(6) or RCW 48.18.100(5) in regard to its Self-Storage Warehouse Program for a period of one year from the date on which this Order is entered, (2) the amount imposed of \$43,000.00 shall be paid to the Office of the Insurance Commissioner within thirty days of the effective date of this Order, and (3) Ranger, its officers and directors, and its staff, shall implement and fully comply with the Compliance Plan set forth in Exhibit "A" to this Order, attached hereto and incorporated herein as if set forth verbatim.

This Order is effective as of its date of issue, and is based upon RCW 48.05.185, 48.18.100(5), and 48.19.040(6).

ISSUED AT OLYMPIA, WASHINGTON this 6<sup>th</sup> day of May, 2002.

MIKE KREIDLER  
Insurance Commissioner

By: \_\_\_\_\_  
John F. Hamje  
Legal Affairs Division  
Office of Insurance Commissioner

# Washington Compliance Plan

EXHIBIT A



MEMBER OF FAIRFAX FINANCIAL HOLDINGS LIMITED

**Ranger Insurance Company  
Compliance Plan**

**INDEX**

- Rate, Loss Cost, Rule and Form Filings Process
- Audit and Marketing Controls
- Procedures to Resolve tags issued by the  
Washington Insurance Examination Bureau

## **Ranger Insurance Company Compliance Plan**

### **Rate, Loss Cost, Rule, and Form Filings Process**

#### Process Overview

The overall responsibility for the Ranger Insurance Company's implementation of a Washington Compliance Plan is vested with the Senior Vice President/Chief Financial Officer. In turn the responsibility for implementation of a compliant filing process, including a marketing notification process, is vested with the Compliance Supervisor. As a part of this process Ranger has developed a Lotus Notes database for maintenance and monitoring of new filings related to rate, loss cost, rule, and form filings. The database provides a multi-tier approval process for new submissions and a real-time status update of each filing. The Compliance Supervisor maintains this database.

1. Once a decision is made to initiate a filing, an e-mail message is forwarded to the Compliance Supervisor providing information to prepare a filing. The Compliance Supervisor then sets up the new request on the corresponding Filing Status Sheet in the Lotus Notes Filing Request Database.
2. After reviewing the filing request, the Compliance Supervisor will then forward the request to the TIG State Filings Supervisor for submission to the Washington State Office of the Insurance Commissioner. The request will include necessary forms and attachments prepared utilizing Uniform's Authentic Ware State Filing Handbook online.
3. The TIG State Filings Supervisor will then forward the request to the appropriate TIG personnel for filing preparation. The TIG State Filings Department will send the filing to the Washington Insurance Department.
4. Once the filing has been sent to the Washington State Office of the Insurance Commissioner, the TIG State Filings Department will maintain a weekly Status Diary informing both Ranger and TIG personnel of the current status of the filing.
5. If no response to the initial filing is received within the state's allotted review period (usually 30 days per the State Filings Handbook), an initial phone follow-up letter may be sent to the Insurance Department, requesting the status of the filing. Additional calls may continue at no sooner than two-week intervals, depending on the reasons given for the Department delay.
6. If a disapproval notice is received, the TIG Filings Department will immediately forward a copy to the appropriate TIG associate for response. (A copy of the notice will be forwarded to the Ranger Filings Department as well.) If Ranger receives the notice of disapproval directly, Ranger will immediately send the notice to the TIG State Filings Supervisor, who will forward the notice to the appropriate TIG associate. The TIG associate will coordinate the response with Ranger as necessary. The response will be forwarded within the 60-day disapproval notice timeframe, an extension of time to respond will be requested, or the filing will be considered withdrawn as per OIC procedures.
7. TIG and Ranger will maintain separate electronic diaries of all filings, providing the current filing status to all appropriate personnel. Reminder e-mail, built into the Ranger database, will be sent to the TIG Filings Department for follow up.

8. Once approval is received by TIG, the TIG State Filings Supervisor will immediately send a copy of the approval to the Ranger Compliance Supervisor. (If the Ranger Compliance Supervisor receives the approval directly from the Washington State Office of the Insurance Commissioner, the TIG State Filings Supervisor will be immediately notified.)
9. The TIG Filings Supervisor will then close out the electronic filing diary and the Ranger Compliance Supervisor will update the Filing Status Sheet Database to reflect the effective date of approval.
10. The Ranger Compliance Supervisor will send an E-mail approval notification to all Underwriting, Marketing, and Rating personnel, notifying them of approval.
11. The Ranger Compliance Supervisor will also prepare and send a State Approval notification to all producers who may wish to solicit business in Washington.

**All Ranger Underwriters are required to refer to the Filing Status Sheet Database prior to accepting any application.**

**The Ranger Compliance Supervisor will maintain a hard copy of all correspondence and other documentation, including electronic correspondence, relating to all Washington filings.**



## **Ranger Insurance Company Compliance Plan**

### **AUDIT CONTROLS**

#### **Annual Audit**

Ranger will conduct an annual compliance audit of these procedures with the assistance of TIG Actuarial and Compliance personnel. This audit will include the circular review process, company initiated filing procedures, filing data accuracy and completeness, and response time turn around. It will also include accuracy verification of the Filing Status Sheet Database and of the Producer Notification Bulletins. Finally, it will include a review of the most recent Washington Insurance Examination Bureau examination. The results will be distributed to the Ranger Board of Directors internal audit committee.

The Ranger Director of Underwriting will be responsible for implementing these audits and supplying the results of these audits to the Board of Directors and to the Washington state Office of Insurance Commissioner, Legal Affairs Division. The results of this annual audit will be forwarded within two (2) weeks of the completion of the audit and will include any violations found and an explanation of the corrective action taken.

### **MARKETING CONTROLS**

The Ranger Insurance Company's marketing strategy is to write a very few programs of narrowly defined classes of business across the United States. Ranger markets these programs through a relatively small agency force, some of which will write business in more than one state.

In order to avoid any producer soliciting a program in a state in which Ranger is not filed, the Ranger Compliance Supervisor will distribute a Producer Notification Bulletin whenever a program is filed in a new state. In addition, a semiannual listing of program state eligibility will be distributed to each producer.

The Ranger Compliance Supervisor must reference the hard copy of the Washington Insurance Department approval letter when preparing a Producer Notification Bulletin relating to a Washington program or when adding a Washington program to the semiannual listing.

It is the Ranger Underwriter's responsibility to refer to the Filing Status Sheet database before accepting any submission.

### **TRAINING PROGRAM**

Informal training was conducted in March 2002, of the procedures included in this Compliance Plan jointly with Ranger and TIG personnel. This training included the necessity for timely responses to both the Office of Insurance Commissioner and the Washington Insurance Examining Bureau. Additional formal training is scheduled to take place by May 2002 with a visit of Ranger personnel to TIG's offices.

**Ranger Insurance Company  
Compliance Plan**

**Procedures to Resolve tags issued by the Washington Examination Bureau**

**A total response time goal will be a maximum of 15 business days from date of receipt.**

- Step 1: The Compliance Supervisor receives the initial WIEB notification of a pending examination. The Compliance Supervisor contacts the WIEB and establishes herself as the contact person responsible for coordinating the examination activity.
- Step 2: The Compliance Supervisor obtains a policy run of potential policies that may be included in the examination and notifies all parties involved of the forthcoming exam.
- Step 3: The Compliance Supervisor will establish a suspense system to inquire if the expected files are being forwarded on a timely basis.
- Step 4: The Compliance Supervisor receives all tags from the WIEB and forwards to the Administrative Supervisor for review and response. *(Contact within one or two days of receipt of the tag)*
- Step 5: The Administrative Supervisor matches the tag with the file and discusses with the appropriate Underwriter/Underwriter Manager all items needing correction *(Corrective action to be identified within three (3) to four (4) business days from receiving tag)*
- Step 6: The Administrative Supervisor forwards the tag along with policy file to appropriate Rater.
- Step 7: The Rater makes changes as directed and returns the corrected file to the Administrative Supervisor *(Response required within three (3) to four (4) business days from receiving from Administrative Supervisor)*
- Step 8: Administrative Supervisor reviews corrected documents for accuracy, forwards to the WIEB, and notifies the Compliance Supervisor. *(Action required within three (3) to four (4) days)*
- Step 9: The Compliance Supervisor maintains a suspense diary until notice is received of the release of the Tag.

**If the Compliance Supervisor has not received notification that a response has been forwarded to the WIEB by the 15<sup>th</sup> business day from the date of receipt of the tag, the Compliance Supervisor must determine where the delay in the process has occurred. The Compliance Supervisor will then continue to monitor the process to ensure that a response is sent within 30 business days of receipt of the tag.**